



HARMONIZED SYSTEM
REVIEW SUB-COMMITTEE

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O. Eng.

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STUDY OF POSSIBLE AMENDMENTS TO THE NOMENCLATURE
WITH REGARD TO THE CLASSIFICATION OF MULTIFUNCTIONAL DIGITAL COPIERS

(Item III.A.11 on Agenda)

Reference documents :

42.406 (RSC/18)	NC0211E1 (HSC/25)
42.498 (RSC/18)	NC0243E1 (HSC/25)
42.500, Annex B/19 (RSC/18 – Report)	NC0250E2, Annex H/13 (HSC/25 – Report)
42.750, Annex E (HSC/22 – Report)	NC0300E1 (HSC/26)
NR0023E1 (RSC/19)	NC0335E1 (HSC/26)
NR0037E1 (RSC/19)	NC0430E2, Annex H/4 (HSC/27 - Report)
NR0045E2, Annex A/23 (RSC/19 – Report)	NR0182E1 (RSC/24)
NC0059E1 (HSC/23)	NR0205E2, Annex C/14 (RSC/24 – Report)
NC0090E2, Annex IJ/26 (HSC/23 – Report)	NR0221E1 (RSC/25)
NC0160E2, Annex H/14 (HSC/24 – Report)	NR0234E1 (RSC/25)

I. BACKGROUND

1. On 10 January 2002, the Secretariat received the following note from the **Canadian** Administration proposing an amendment to the text of heading 90.09, a new subheading, as well as additions to the Explanatory Notes, to provide for the classification of digital copiers in heading 90.09 in the 2007 version of the Harmonized System.

II. NOTE FROM THE CANADIAN ADMINISTRATION

2. “The following note outlines possible amendments to heading 90.09 that would provide for other types of copying technologies including the inclusion of certain types of digital-copying apparatus. The **Canadian** Administration recognizes the possibility of more radical amendments to the Nomenclature with respect to “high tech” apparatus may overtake this

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proposal. However, we consider it worthwhile to pursue this initiative to address the issue of “digital copiers” in the event that no resolution is reached in those other areas.

3. Since the 18th Session of the Review Sub-Committee, the inclusion of multifunctional digital copiers in the HS and the classification of specific models of multifunctional digital copiers have been ongoing issues before the Review Sub-Committee and the Harmonized System Committee respectively. It became apparent to the **Canadian** Administration that there was a need to expand the scope of heading 90.09 to provide for the classification of basic digital copying apparatus as well as future advances in copying technology.

Basic Digital Copier Definition

4. For the purposes of our review the basic digital copier was defined as an apparatus that scans the document/image and stores it as a digital file in the unit’s memory. The data from the digital file is transferred to the print engine that in turn generates the required number of copies. Such print engines can include ink-jet and thermo printers. Such a copier would be considered to be a “stand-alone” type (i.e., not designed to be used as part of an automatic data processing machine system).

Current HS Nomenclature

5. Heading 90.09 currently does not provide for digital-copying apparatus. This observation is supported by the Harmonized System Committee’s decision of the 27th Session that photocopying was limited to the projection of an image onto a photosensitive surface and accordingly the current heading 90.09 did not cover digital copying. Further, there are no other headings in the either the 1996 or 2002 Nomenclature that adequately provided for basic digital copiers.

Proposed Amendments for HS 2007

6. The **Canadian** Administration proposes to expand the scope of heading 90.09 to provide for digital copying and other copying technologies as well as the current photo-copying and thermo-copying technologies. Although there may be a limited trade in basic digital copiers, it is important to provide a reference for this type of technology. The inclusion of such a reference in heading 90.09 would provide a potential classification option for multifunction digital copiers and similar units that is consistent with recent decisions of the Harmonized System Committee. Such a classification would apply in those instances where the copier constituted the essential character of the unit.
7. The relevant amendments would be incorporated into HS 2007. This approach would include the following amendment to heading 90.09, the following new subheading and additions to the Explanatory Note to heading 90.09. It should be noted that all page references refer to the 1996 Explanatory Notes.

2007 Nomenclature

8. Heading 90.09 would be amended to read :

“Copying apparatus, other than that of headings 84.71 and 84.72”

9. Immediately after “9009.30 - Thermo-copying apparatus” the following new subheading would be inserted :

“9009.40 - Other copying apparatus”

10. Note 5 (D) to Chapter 84 would be amended to include the following reference to digital-copying apparatus that are of a kind solely or principally used in automatic data processing systems (the amendments are in “square brackets” for ease of reference) :

“(D) Printers, [copying apparatus,] keyboards, X-Y co-ordinate input devices and storage units which satisfy the conditions of paragraphs (B) (b) and (B) (c) above, are in all cases to be classified as units of heading 84.71.”

2007 Explanatory Note to heading 90.09

11. Immediately after “9009.90 – Parts and accessories”, and before “(A) Photocopying apparatus incorporating an optical device”, on page 1592 the following would be inserted :

“This heading covers all copying apparatus except those specifically designed to form a unit of heading 84.71 or office machines of heading 84.72. The copying processes utilize a wide range of technologies including photo-copying, thermo-copying, digital-copying, etc.”

12. Immediately after the third paragraph on page 1593 insert the following text :

“(D) OTHER COPYING APPARATUS

These apparatus do not directly transfer the document/image to a light sensitive surface such as a photosensitive drum or a photosensitive paper. In the case of digital-copying apparatus, the document/image is scanned (i.e., digitally broken up into 1’s and 0’s) and the digital data is stored as a digital file in the machine’s memory. The data from the digital file is transferred to the print engine, such as an ink-jet or thermo printer, which in turn generates the required number of copies.”

Rationale for Proposed Amendments

13. The proposed amendments (paragraphs 8 and 9) to the heading and subheading structures respectively would expand the scope of heading 90.09 to include all copying technologies including basic digital copiers. The changes at the heading and subheading levels would be supported by the addition of a definition of digital-copying apparatus contained in paragraph 4 above.
14. In order to prevent potential classification problems with digital copiers or other copiers designed for use in an automatic data processing machine system of heading 84.71 and duplicating office machines of heading 84.72, the exclusion outlined in the amended heading text would direct that such machines would be classified in either heading 84.71 or 84.72. This exclusion reference would be mirrored by the new Explanatory Note to heading 90.09 (paragraph 11) and the amendment to Note 5 (D) to Chapter 84 (paragraph 10). This approach would be consistent with all relevant existing Harmonized System Committee decisions on such digital copiers.

15. With respect to multifunctional digital copiers, the classification would still be made on a model-by-model basis taking into account which function of the unit constituted its essential character. However, the inclusion of basic digital copiers within the scope heading 90.09 would provide a valid “copier” classification option that is not found in either HS 1996 or HS 2002.”

III. SECRETARIAT COMMENTS

16. In examining the **Canadian** proposal, the Secretariat has some concerns regarding the line that is drawn between digital copiers that are standalone units on the one hand and multifunctional digital copiers on the other hand. In the past, arguments have been raised with respect to the “digital copying” process being the means of differentiating between the goods of heading 90.09 and other headings in the Nomenclature. By maintaining “basic digital copiers” in heading 90.09 and, as a result, the “digital copying” technology, there is a danger of making classification decisions based on end use (standalone unit v. connectable to an automatic data processing machine, for example). In addition, with respect to multifunctional digital copiers, there would still be a need to determine the function of the unit which provides its principal function.
17. Referring to paragraph 5 above, the Secretariat would draw the Sub-Committee’s attention to the fact that the “decision” to which the **Canadian** Administration refers was the subject of a number of reservations which will be sent to the Council in June 2002.

IV. CONCLUSION

18. The Sub-Committee is invited to take into consideration the comments of the **Canadian** Administration in paragraphs 2 to 15 and the Secretariat’s comments in paragraphs 16 and 17 when considering this agenda item.
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